

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING-MASON)	
RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR A CERTIFICATE OF)	97-508
PUBLIC CONVENIENCE AND NECESSITY AND)	
APPROVAL OF ASSOCIATED FINANCING)	

O R D E R

IT IS ORDERED that Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within seven days from the date of this Order.

1. Describe in detail any financing sources other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.
2. Provide the additional debt service requirements associated with the Rural Utilities Service ("RUS") loan and the CFC loan, using the RUS interest rate and the current CFC variable and fixed interest rates.
3. Provide an amortization schedule of the proposed CFC loan using the current rates for variable and fixed loans.

4. Explain whether Fleming-Mason will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Explain how Fleming-Mason's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

6. Provide a copy of the Long Range Financial Forecast filed with RUS to support the proposed financing.

7. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. (1) Which option does Fleming-Mason plan to use in the purchase?

(2) Why was this option selected?

8. Describe the interest rate options currently available to Fleming-Mason through CFC and provide copies of documents from CFC describing them.

9. If the advance of funds from this proposed loan were made by the date of Fleming-Mason's response to this Order, explain which loan program Fleming-Mason would select and why. Include with this explanation the results of all economic studies and analyses used to make this selection.

10. Provide documentation which indicates that the loans have been approved by RUS and CFC.

11. Provide a copy of Fleming-Mason's mortgage agreement with CFC, noting the differences between the current agreement and the previous mortgage agreement.

If the mortgage agreement has not changed, state that no changes have been made and identify the most recent case in which the current mortgage agreement was filed.

12. Concerning the actual work performed under the 1996-1999 Work Plan:
 - a. When did Fleming-Mason begin construction under the 1996-1999 Work Plan?
 - b. How much has Fleming-Mason spent on the 1996-1999 Work Plan, as of the date of its response to this Order?
13. Provide a copy of the board of directors' resolution authorizing Fleming-Mason to borrow the funds.
14. Provide the 740c which shows the breakdown of financing between RUS and CFC.
15. Provide a distribution circuit analysis using the following parameters:
 - a. Existing system with existing loads.
 - b. Existing system with projected loads.
 - c. Proposed system with projected loads
 - d. As noted on page 41 of the 1996-1999 Work Plan, several projects have been delayed to the 1999-2003 Work Plan. Care should be taken to ensure that the analysis of the proposed system only includes the projects proposed under the instant application.
16. Have results of the distribution circuit analysis been compared to actual field measurements to ensure that the system has been correctly modeled?

a. If so, provide a listing of the measurements made, correlated to line sections as listed in the distribution circuit analysis. Extrapolate the differences in load and explain any deviations over 3 volts.

b. If not, explain why it is unnecessary to ensure that the system has been correctly modeled.

17. As several projects have been delayed, explain how to interpret the project listings on pages 29 through 44 of the Work Plan with respect to which projects are being proposed for 1996 through 1999. For example, some items have an asterisk by them, some items have a line drawn through them, and some items have no special marking at all.

18. REA Form 300 shows that outages in 1994 and 1995 to be 2.54 and 2.95 average annual hours/consumer, exclusive of outages due to storms or power supplier. Has remedial action been taken?

a. If so, describe what actions have been taken.


b. If not, explain why no action is necessary.

Done at Frankfort, Kentucky, this 10th day of June, 1998.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director